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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

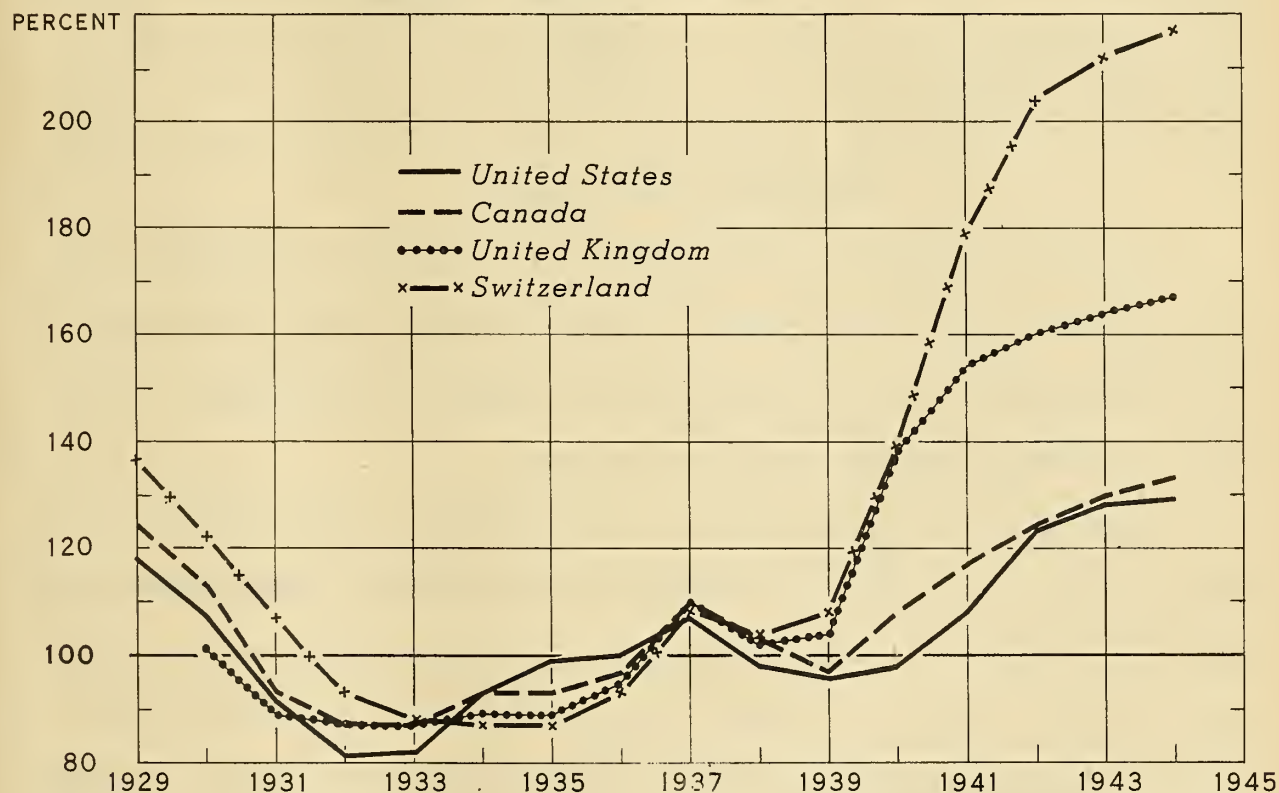
WASHINGTON, D. C.



APRIL 1945

WHOLESALE PRICES OF ALL COMMODITIES IN THE UNITED STATES, UNITED KINGDOM, CANADA, AND SWITZERLAND, 1929-44

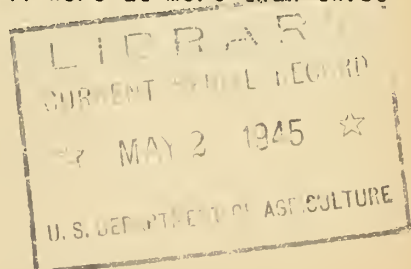
INDEX NUMBERS (1935-39=100)



U. S. DEPARTMENT OF AGRICULTURE

NEG. 45194 BUREAU OF AGRICULTURAL ECONOMICS

Fluctuations in wholesale prices in the United States and Canada have been quite similar since 1929. Prices in the United Kingdom have risen much more since the outbreak of war than they have in this country or Canada. However, prices in Switzerland, a neutral country, have shown a still greater rise and in 1944 were at more than twice their prewar level.



 THE DEMAND AND PRICE SITUATION

C O N T E N T S			
	Page		Page
Demand for Farm Products ...	2	Corn and Other Feed	10
Industrial Production	3	Wheat	11
Domestic Trade	4	Fruit	12
Agricultural Prices	5	Truck Crops	13
Farm Income	5	Potatoes and Sweetpotatoes.	14
Livestock and Meats	6	Dry Beans and Peas	15
Dairy Products	8	Cotton	15
Poultry and Eggs	8	Wool	16
Fats, Oils, and Oilseeds ...	9	Tobacco	17

DEMAND FOR FARM PRODUCTS

The present high level of demand for farm products is likely to be maintained throughout most of 1945. Consumer incomes are more than sufficient to purchase all of the farm products likely to be available to civilians this year at current stabilized prices.

The index of nonagricultural income payments for February 1945 was 240. ^{1/} This is the highest ever recorded and is nearly 5 percent above the previous February. Increased payments to military personnel were the most important factor in this increase. The index of industrial payrolls for February 1945 was 321, about 4 percent less than one year earlier. The decline in industrial payrolls has been the result of a decline of 7 percent in industrial employment. Industrial payrolls per employed worker for January 1945 were 3.5 percent higher than a year earlier.

^{1/} Department of Commerce, 1936-39 = 100.

The cost of living in large cities declined slightly in February from the peak reached the previous month. However, the index for February of 127 ^{2/} was still nearly 2.5 percent above a year earlier. Nonfood costs have risen 3 percent since February 1944, while food costs are only 1.5 percent higher. Food costs have fluctuated irregularly since reaching a peak in May 1943. Nonfood costs have risen slowly but regularly throughout the war period and the index of 122 for February 1945 was the highest recorded since February 1926.

Budget expenditures of the Federal Government for March 1945 amounted to 9.4 billion dollars. This is the largest amount ever spent in a single month and is nearly 11 percent above the expenditures of the previous March. Expenditures for the first 3 months of 1945 totaled 25.1 billion dollars, 1.1 billion more than a year earlier. Net budget receipts for the first quarter of this year totaled 14.2 billion dollars, an increase of 2.4 billion over the same period in 1944. As a result, the net budget deficit for the quarter amounted to 10.9 billion dollars, 1.2 billion less than during the first quarter of the previous year.

April 17, 1945

INDUSTRIAL PRODUCTION.

Industrial production, after remaining approximately stable during the last half of 1944, increased slightly during the first 2 months of 1945. The seasonally adjusted index for February 1945 was 235. ^{3/} This is 3 points above December 1944, but 12 points below the peak reached in October and November 1943. Total production apparently was well maintained in March, although the output of bituminous coal was nearly 4 percent below February. Steel production in March was about 5 percent above the low level of February and was the largest since May 1944.

^{2/} Bureau of Labor Statistics, 1935-39 = 100.

^{3/} Federal Reserve Board 1935-39 = 100.

The index of production of durable manufactured goods in February 1945 was 1.5 percent above the low point for 1944, which was reached last November, but still 8 percent below the wartime peak of November 1943. The production of nondurable manufactured goods has been increasing slowly since the middle of 1944, and for February 1945 was 175, only 3 percent below the wartime peak reached in November 1943.

Total production of munitions reached a peak in November and December 1943 when the index was 117. ^{4/} Production has declined slowly and irregularly since that time, and the index for January 1945 was 103. The greatest decline has been in the work done on ships, but there have also been significant declines in the output of aircraft and of guns and fire control equipment. In contrast, the production of ammunition has increased nearly 20 percent since June 1943.

Value of new orders received by manufacturers has been increasing since September 1944, in response to changed military needs. The index of new orders for February 1945 was 368.5^{5/}, which is 23 percent above September and the highest of record. In September-February, new orders for durable goods have increased 38 percent, but those for nondurable goods have risen only 4 percent.

Value of manufacturers' inventories declined throughout most of 1944, as shipments exceeded production. Inventories in February 1945 were about 8 percent below the previous February. The largest decline, amounting to 12 percent, was in the iron and steel industry.

DOMESTIC TRADE

The volume of retail trade in the United States has continued to increase in recent months. The seasonally adjusted index of sales of retail stores for February 1945 was 195. ^{6/} This is the largest on record and is 13 percent above the previous February. The increase was about the same for stores selling durable goods as for those handling nondurable commodities.

Nearly one-third of the increase in sales was the result of increased retail prices. The index of retail prices for February 1945 was 140, slightly more than 3 percent above the previous February. Increases in the physical volume of goods sold, together with changes in the quality and kinds of merchandise handled, accounted for about two-thirds of the increase in total sales during the past year.

In spite of their increased volume of business, the value of retailers' inventories at the end of January 1945 was only 2 percent smaller than a year earlier. All of the decline was in inventories of stores selling durable goods. Inventories of nondurable goods increased slightly during the period. Wholesalers' inventories declined by about the same proportion as those of retailers during the past year.

^{4/} Department of Commerce 1943 = 100.

^{5/} Department of Commerce 1939 = 100.

^{6/} Department of Commerce, 1935-39 = 100.

Volume of consumer credit has been increasing during the past year, after declining to a wartime low in February 1944. The seasonally adjusted index for January 1945 was 85. 7/ This is 10 percent above February 1944, but only a little more than half the peak reached in September 1941. All of the major types of consumer credit have increased during the past year, but more than half of the total increase was in the form of charge accounts.

AGRICULTURAL PRICES

Wholesale prices of farm products, although largely stabilized by Government control, have been increasing slowly in recent months in response to the rising level of demand and smaller supplies of some products.

The index for March 1945 was 127, 8/ which is the highest reached during the present war, but only 3 percent above March 1944. In contrast, wholesale prices of foods have declined slightly since last December. The index for March 1945 was 104, about 1 percent under December and practically the same as in March 1944.

The index of prices received by farmers in March 1945 was 198. 9/. This is 1.5 percent below the peak for the present war reached in January 1945, but about 1 percent above March a year ago. The decline in the index since January has been caused largely by sharply lower prices received for truck crops and a seasonal decline in egg prices. Smaller price declines also occurred for tobacco and dairy products. These declines were partly offset by increases in the prices of food grains, feed grains and hay, oil-bearing crops, fruit and meat animals.

Prices received in April are showing relatively little change from March, except those for fruits, which are up considerably. Prices of vegetables and cotton show smaller increases.

The index of prices paid by farmers, including interest and taxes, was 173 for March 1945. This is the highest figure reached during the present war but is only 2 percent above a year earlier. The ratio of prices received to prices paid for March was 114, which is two points under both the previous month and March 1944.

FARM INCOME

Cash receipts from farm marketings during April will be about 1,420 million dollars, 2 percent below the estimate of 1,450 million dollars in March, and 1 percent below April 1944.

Cash receipts from crops will decrease seasonally in April, but income from vegetables may be only slightly below March. Because of unusually warm weather the season is advanced in some Southern sections and along the Atlantic Coast by about a month, and supplies of some of the early vegetables are being shipped in large volume. Shipments of cabbage are greater than last month, but prices are up. Volume of potato shipments will decrease considerably in April, although car shortages that have delayed movement of potatoes out of northeastern producing

7/ Federal Reserve Board, 1935-39 = 100.

8/ Bureau of Labor Statistics, 1926 = 100.

9/ 1910-14 = 100.

sections have been relieved. Volume of sweetpotatoes marketed will decline, but prices will strengthen. Shipments of tomatoes and lettuce from southern and southwestern producing sections are increasing and prices are being maintained.

Cash receipts from fruits in April also will drop slightly below March. Shipments of apples from western areas will drop by at least one-fifth but the volume of shipments of eastern apples will be maintained. It is expected that prices will decline about 5 percent. The volume of pears marketed may drop by as much as one-half while marketings of strawberries will be nearly twice as great as in March.

Movement of citrus fruits on the whole may drop since shipments of grapefruit will decline substantially, and while lemons will increase, oranges will show little change. Prices of grapefruit and lemons will increase, but the March prices for oranges will probably remain unchanged.

Cash receipts from feed grain and hay may decrease somewhat less than seasonally as receipts of corn, oats, and barley at primary markets are holding up at March levels.

Income from livestock and livestock products in April may increase slightly. Cash receipts from meat animals are not expected to show much change as slaughter of hogs, cattle and calves probably will be about the same as in March. The effect of some decline in slaughter of sheep and lambs may be offset by slight increase in the average prices for cattle and calves.

A small percentage increase in cash receipts from dairy products will take place as production will gain more than prices will drop. Income from poultry and eggs will be up nearly one-tenth as production of both poultry and eggs will increase seasonally.

Prices received by producers in April for farm products may be about the same as in March.

LIVESTOCK AND MEATS

A continuing high level of meat animal prices is in prospect throughout the summer at least. Demand for meat by the armed forces and by domestic consumers at ceiling prices will far exceed available supplies. Meat production in 1945 probably will be about 10 percent smaller than in 1944. Reduced WFA meat procurement for lend-lease shipment will be more than offset by increased meat needs by the armed forces, so that civilian meat supplies will be at the lowest level since the beginning of the war and probably the lowest since the summer of 1938. The civilian supply will be particularly short in view of the extremely strong demand for meat.

Prices for meat animals will average higher in 1945 than in 1944. Hog prices probably will continue at the ceiling level throughout most of the year. Prices for cattle, calves, and lambs probably will continue higher than a year earlier throughout most of the year. The average price received by farmers for hogs on March 15 was \$14.00, which was \$1.10 per 100 pounds higher than a year earlier. The hog-corn price ratio on that date (farm basis) was 13.1 compared with 11.5 a year earlier and with 12.8; the average for March 1924-43. Beef cattle prices on March 15 averaged \$12.30 or 30 cents higher than a year earlier. The average price received for veal calves was \$13.70, or 50 cents higher than a year earlier. The average price for lambs was \$13.80, which was 30 cents higher than a year earlier and only 17 cents lower than the all-time high for any month reached in March 1943.

Federally inspected hog slaughter in comparable plants during January-March was 47 percent below a year earlier and was the smallest for the period since 1939. However, noninspected slaughter in January and February is indicated to be greater this year than last. The market supply of hogs during the remainder of the marketing year (through September) probably will be about 30 percent smaller than a year earlier.

To encourage an increase in hog farrowings, the War Food Administration announced a higher support price for hogs on April 11, 1945. The recently announced support price is on the basis of a Chicago price of \$13.00 per 100 pounds for butcher hogs weighing up to 270 pounds of the good and choice grades, an increase of 50 cents per 100 pounds from the existing floor, the previous support price included only 200 to 270 pound butcher hogs. This support price will continue to September 1, 1946. The former support extended only to March 31, 1946. A national goal for the fall pig crop has been set at 37 million head, an increase of 18 percent over the number raised last fall. Feed supplies are sufficiently large, and demand for pork is expected to continue strong, so that this increase in production now is desirable.

Slaughter of cattle in comparable federally inspected plants in January-March totaled 3.6 million head, 4 percent above the January-March 1944 kill and was the highest of record for the season. Record slaughter was brought about by large marketings of fed cattle. Federally inspected calf slaughter for the first quarter, in comparable plants, was about the same as the record 1944 kill for the 3 months. Reports from non-inspected slaughterers indicate an increase in both cattle and calf slaughter in January and February this year over last.

Reflecting larger feed-grain supplies this year than a year earlier in most of the cattle-feeding areas, the number of cattle on feed at the beginning of the year in 11 Corn Belt States was 5 percent larger than a year earlier and was the second highest on record. The number on feed on April 1, 1945, although 8 percent larger than a year earlier, was lower than in any other year since 1940, but was substantially above most years in the 1930's. Cattle feeders reported that they intended to market a larger-than-usual proportion of the cattle on feed on April 1 in April-June. However, if such intentions were realized, marketings of fed cattle would be no larger than and probably will be somewhat smaller than in the same period a year earlier. On the other hand, pasture conditions are excellent

throughout most of the country, also farmers probably will tend to decrease cattle numbers this year, so that marketings of grass-fat cattle throughout the summer may be larger this year than last. Most of the factors resulting in a record calf slaughter in 1944 remain, and calf slaughter in 1945 may be as large as or larger than in 1944.

Sheep and lamb slaughter during the last 8 or 9 months of the year probably will be below that of a year earlier. The early lamb crop this year was estimated at 6 percent less than a year earlier. The late lamb crop probably will be smaller also. However, sheep and lamb slaughter during the first 3 months of the year in comparable federally inspected plants totaled over 5 million head, 6 percent more than a year earlier, and was a record high for the season. Record slaughter in the first 3 months resulted from a large slaughter of ewes and from large marketings of sheep and lambs from winter pastures. The number of sheep and lambs on feed at the beginning of the year was only slightly larger than a year earlier.

DAIRY PRODUCTS

The demand at ceiling prices for most dairy products probably will continue to exceed supplies throughout most of 1945. Prices received by farmers probably will average about the same as in 1944, but unit return including proposed dairy production payment rates will be at record levels. The milk-feed price ratio, including production payments, probably will average slightly higher than in 1944, while the butterfat-feed price ratio probably will be significantly higher.

Civilians probably will receive smaller supplies of dairy products, on a milk equivalent basis, than in 1944, but about the same as in 1943. Most of the decrease in civilian supplies compared with last year will be in butter; consumption of fluid milk probably will set a new record in 1945.

Milk production during the first quarter of 1945 was at an annual rate of more than 121 billion pounds. Total milk production on farms for January-March was 27.5 billion pounds, the highest ever reported for that period and 2 percent above a year earlier (adjusted on a daily basis, 3 percent higher). This is a reflection of high unit returns, ample feed supply, and favorable weather. A high level of production is expected to continue at least through the second quarter of 1945.

POULTRY AND EGGS

For some months after the flush production season the demand for eggs at ceiling prices probably will exceed the supply. This is in sharp contrast to the situation during 1944. In the second quarter of 1944 a burdensome supply situation existed, and Government purchase operations were undertaken to support farm prices.

Civilian demand for eggs during the first quarter of 1945 was strong, primarily because of reduced meat supplies and high consumer income. Per capita egg consumption was at a record level, about 10 percent above January-March 1944. Since meat supplies are not expected to increase substantially until the last quarter of 1945, and with egg production moderately below last year, the egg supply may not be sufficient to meet increased demand after the second quarter.

Prices received by farmers for eggs for the remainder of 1945 may be moderately above those of 1944. Wholesale and retail egg prices since December have been at or near ceiling levels. Prices received by farmers for the first quarter of 1945 averaged 36.6 cents per dozen, 107 percent of parity, and 4.4 cents above a year earlier.

Demand for poultry meat is expected to continue exceeding the supplies by a wide margin, reflecting large military requirements, large consumer incomes, and reduced supplies of red meats. In order to aid the military in obtaining poultry meat and to supplement the reduced civilian red meat supplies, the Office of Economic Stabilization authorized increases in price ceilings on young chickens, averaging 1.25 cents per pound, effective July 1. This action is expected to induce increased production of broilers.

Prices received by farmers for chickens probably will be somewhat higher than last year, since during the second quarter of 1944 wholesale chicken prices were below ceilings. The 1944 chicken meat output is estimated at 3,460 million pounds (dressed weight). Production during 1945 is expected to be less.

FATS, OILS, AND OILSEEDS

Prices of most fats and oils will continue at ceiling levels through 1945 and into 1946, unless the war in the Far East ends in the next few months. There is little prospect at present that the fats and oils situation will be materially eased before late spring or summer of 1946. By that time lard and grease production (from 1945 fall pigs) probably will be at a higher level than in 1945, and some supplies of copra may be forthcoming from the Far East. Stocks of fats and oils are being reduced during the current crop year to meet large war requirements. By October 1 inventories may be more than 500 million pounds smaller than the 2.3 billion pounds in reported positions on October 1, 1944. Civilian supplies of fats and oils probably will be short of demand at ceiling prices well into 1946.

Farmers' intentions on March 1 indicate the following acreages of oil-seeds in 1945, compared with a year earlier: Soybeans planted alone for all purposes, 13,236,000 acres, 4 percent less; peanuts planted alone for all purposes, 3,923,000 acres, 2 percent less; and flaxseed, 4,175,000 acres, 37 percent more. (No official indication of cotton acreage will be available until mid-July.) On the basis of these indications and average growing conditions, no major change would be expected in output of soybean and peanut oils in the 1945-46 season. Production of linseed oil from domestic flaxseed also would be roughly the same, despite the likelihood

of a material increase in the 1945 flaxseed crop, because stocks of flaxseed on hand at the beginning of the 1945-46 season will be much smaller than a year earlier.

Continuing stringency in supplies of fats and oils is reflected in recent War Food Orders further reducing use in manufacture of civilian shortening, salad and cooking oils, paint, linoleum, and oilcloth. Civilian supplies of food fats and oils, including butter and lard, probably will be around 10 percent less in 1945 than in 1944. Use of drying oils in civilian goods (such as paint and linoleum) may be 30 to 40 percent smaller than last year, and supplies of fats for civilian soap in 1945 will be about 10 percent below the 1944 level.

CORN AND OTHER FEED

Demand for feed concentrates and hay eased considerably during March and April. Unseasonably warm weather over much of the country started growth of green feed over wide areas 2 to 4 weeks earlier than usual. The reported condition of pastures on April 1 was a record for that date, and, except for July 1942, was higher than on any other date since 1927. With abundant forage and pasture available early, and with relatively large supplies of feed grains on hand, terminal market prices of oats and barley declined moderately in early April. Feed grain prices probably will average lower for the remainder of the marketing season than in the corresponding period a year ago. Hay prices at mid-western markets declined sharply in late March as a result of large market supplies and reduced requirements.

On May 1 all kinds of hay will be brought under price control for the first time. Heretofore, only alfalfa hay has been subject to ceilings. Under the new regulation, maximum prices of alfalfa will be slightly higher, but market prices of other kinds of hay in some areas will be lower than those prevailing during early 1945. Prices received by farmers for hay during the 1944-45 season have averaged more than a dollar per ton higher than in 1943-44.

Between January 1 and April 1, disappearance of corn amounted to almost 800 million bushels, the largest January-March disappearance, except for 1943 and 1944, in at least 20 years. Disappearance of about 340 million bushels of oats in the same quarter also was the largest, except for 1943, in at least 20 years. Disappearance of about 59 million bushels of barley during January-March was 18 percent smaller than a year earlier, and smaller than in the same quarter of the 5 other years for which data are available, 1939-43.

Despite the rapid disappearance of corn and oats, about 45.1 million tons of those grains were on farms and in commercial channels on April 1, compared with 37.8 million tons on April 1, 1944. Stocks of corn were about 23 percent larger than on April 1, 1944, but 6 percent smaller than the record April 1 stocks in 1941. Stocks of oats were 4 percent larger on April 1 than a year earlier. Stocks of barley were 5 percent larger than a year earlier, but 28 percent smaller than the record April 1 stocks in 1943.

A relatively large disappearance of feed grains is in prospect for the second quarter of 1945, but probably not so large as a year earlier. The prospective feed-grain carry-over this year is substantially larger than the carry-over last year.

If farmers carry out their intentions as indicated on March 1, the combined acreage of the four principal feed grains -- corn, oats, barley, and sorghum grains -- in 1945 will approximate 163 million acres. This would be a decrease of about 1.5 percent from the 1944 acreage, but 5 percent more than the 1939-43 average. If yields, by States, turn out about average for recent typical years, production of the four feed grains on such an acreage would total about 119 million tons, only about 2 million tons less than the large production in 1944.

WHEAT

Cash wheat prices continue generally at ceiling levels. The downward adjustment to the new crop basis, which usually starts in May, may be less than usual this year as a result of large flour purchases by the Government, a good demand for wheat for industrial alcohol production and heavy exports. A very large 1945 crop probably would lower prices in 1945-46 compared with 1944-45 but with good demand in prospect, prices may be expected to continue at relatively high levels.

On the basis of estimates of wheat disappearance, a carry-over at the end of the present season of 350 to 375 million bushels still appears probable. Total export demand is large, but it has been difficult to get cars to move the grain to ports; therefore, it is difficult to estimate the quantity which will actually be exported before July 1. A carry-over of the size indicated would be only slightly above the 316 million bushels July 1, 1944, and moderately above the 235 million average in the 10-year prewar period of 1932-41. However, it would be sharply below the 632 million bushels in 1942 and 622 million in 1943.

The car shortage during the past 5 months has resulted in wheat being backed up on farms and in country elevators, and very small supplies in terminals. Another result has been that stocks in ports and nearby terminals have become nearly exhausted. Unless a great many more cars are made available, handling of the large prospective crop, and also the export program for relief and lend-lease purposes, will be seriously hampered.

A winter wheat crop of 863 million bushels is indicated on the basis of April 1 condition. A crop of this size would be nearly 100 million bushels above that of last year and 37 million bushels above the largest previous winter wheat crop produced in 1931. Moisture conditions are favorable for seeding spring wheat, and if spring yields should turn out about average, the total wheat crop would exceed the record 1,079 million bushels produced last year.

In most years conditions on April 1 have been a fairly good indication of the winter wheat crop. However, there have been occasional years in which the actual outturn varied considerably from early indications. Spring wheat yields are highly related to moisture in April and May, and especially to temperatures in June, so that early season moisture alone is not a good indication of yields.

A crop in excess of a billion bushels would undoubtedly result in a larger carry-over on July 1, 1946 than on July 1, 1945, even with large exports and continued relatively large domestic disappearance.

FRUIT

Prices for principal fresh fruits, except eastern apples, advanced during late March and early April, and are expected to continue at relatively high levels for at least another month.

Prices for oranges at terminal markets were slightly higher in early April than in early March, but were at approximately the same levels as a year ago. Prices for Florida Valencia oranges, of which a higher-than-usual percentage comprises large sizes, are expected to continue strong at or near ceilings for the rest of the season. Approximately half of the Valencia crop had been harvested by April 1, and the season is expected to close a month earlier this year than last.

Recent terminal market prices for California Navel oranges, except the smaller sizes, have been at or near ceiling levels. Demand for the larger-sized oranges, of which there is a lower-than-usual percentage, is expected to be sufficiently strong to maintain prices at or near ceilings. But the relative large quantities of small-sized fruit may not find a ready market except at a discount. Approximately half of the California Navel crop, which is slightly larger than the crop last season, had been harvested by April 1. Harvesting of this year's large crop of California Valencia oranges is expected to reach a substantial volume in May.

Terminal market prices for grapefruit advanced during late March and early April, approaching ceiling levels. This strong market position is expected to continue for the rest of the season, inasmuch as weekly market supplies have passed their peak in volume and are now tapering off with the approach of the end of the season about a month earlier than usual. The canning season for grapefruit juice in Florida and Texas is nearly over and most of the remaining fruit is expected to enter fresh market channels.

Terminal market prices for lemons advanced sharply in late March and early April, approaching ceiling levels for the first time since early January. This recent advance, which is about one month earlier this season than a comparable rise last season, reflects an increase in consumer demand stimulated no doubt by the early advent of warm weather this spring over much of the United States. With the continuance of generally warm weather, prices are expected to remain at this higher level even though supplies are more plentiful than a year earlier.

Fresh strawberries continue to sell at ceiling prices at shipping points and terminal markets, notwithstanding greatly increased shipments in recent weeks. Prospective supplies of early and mid-spring strawberries are substantially larger this year than last, but still only about one-half as large as in prewar years.

Terminal market prices for eastern apples, which have declined generally in recent weeks, may decline further, because stocks are considerably larger than normal, contain a large percentage of small-sized apples, and have deteriorated somewhat in quality. To aid in the market movement of such apples, the War Food Administration, since early March has purchased substantial quantities for diversion through the school lunch program, charitable institutions and other approved outlets.

With declining stocks and continued strong demand, terminal market prices for western apples probably will advance further this season, the better grades reflecting ceiling levels. Government procurement of the western crop has been large during recent months, with the result that supplies available to civilians have been reduced correspondingly. Stocks of western apples in cold storage April 1, 1945, were approximately normal for that time of year.

TRUCK CROPS

Commercial Truck Crops for Fresh Market

Truck crop price movements so far this spring have been somewhat unusual and difficult to appraise and forecast. Production in some areas has been advanced several weeks by abnormally warm weather and in other areas has been retarded by cold, wet weather.

Prices for many truck crops this year have moved in a pattern generally similar to last year, but increases and decreases have occurred about a month earlier than last year. However, seasonal declines are expected in late May for the majority of the fresh vegetables. Early spring supplies on the fresh market are expected to be significantly larger in 1945 than in the corresponding period a year earlier for all important truck crops so far indicated except for asparagus, cauliflower, new crop onions, and spinach.

Early reports on prospective cabbage acreage for 1945, covering the entire 1945 season except the relatively small acreage in the late fall group, indicate as of mid-March an acreage 7 percent less than was harvested in 1944. Since yields per acre last year were generally below average, there is the possibility of a total 1945 crop of about 6 percent more cabbage than in 1944, provided yields in the spring, summer and fall crop areas approximate the 10-year (1934-43) averages.

Commercial Truck Crops for Processing

The 1945 acreage intended for snap beans for canning and freezing as reported by processors is indicated as of April 1 to be about 4 percent less than last year. However, with no more than average loss of acreage, and with 10-year (1934-43) average yields per acre, the intended acreage -- if planted -- could produce a total crop about 7 percent larger than in 1944.

Since growers received a record high average price per ton last year and since prices for snap beans for processing are to be supported this year, State by State, at levels as high as or higher than last year, it seems likely that the intended acreage will be realized. Announcement of the restoration of the 1945 support prices to the 1944 level was made by the War Food Administration on April 6, to encourage further production.

According to intentions reported by processors in late March, there may be planted this year an acreage of sweet corn for canning and freezing somewhat above last year, approaching the record high acreage planted in 1943. If this acreage is planted, with average loss in acreage planted and with average yields, total production could be about 18 percent more than last year. It is likely that the intentions to plant this crop will be carried out insofar as weather and available labor permit, since support prices in 1945 are to be at the same level as last year.

On March 27, 1945, the Office of Price Administration and the War Food Administration announced designated grower prices on 10 vegetables--asparagus, beets, cabbage, carrots, mushrooms, blackeye peas, other field peas, lima beans, spinach and sweetpotatoes--to be grown for canning in 1945. The only change from the 1944 schedule of designated prices involved cabbage for krusut, for which the 1945 designated price is \$15 per ton. Last year the support price was \$12 a ton, and a maximum of \$22 a ton was permitted to be reflected in ceiling prices. The designated prices are the maximum costs for raw vegetables which canners may reflect in determining ceiling prices for their canned products, constructed upon the basis of their actual raw material costs.

POTATOES AND SWEETPOTATOES

Shipping-point prices for both old-stock and new potatoes continued at ceiling levels during the past month. However, wholesale prices at New York City for old-stock potatoes declined slightly in late March, reflecting increased supplies resulting from the resumption of capacity shipments from Maine. Supplies of both old and new potatoes have been fairly adequate along the eastern seaboard since mid-March, but they continue short of demand at ceiling prices elsewhere, particularly in the western States, to which supplies from Maine have been shipped to help relieve the shortage. It now appears that supplies of old-stock potatoes will be adequate in the eastern States until new potatoes are available in substantial volume in May. Volume shipments of new potatoes from eastern States are expected to occur several weeks earlier this spring than last, but in California cool weather has delayed the crop, and volume shipments are expected to begin 1 or 2 weeks later than usual.

Although carlot shipments of sweetpotatoes have declined in recent weeks with the approach of the close of the marketing season, wholesale prices at New York City and Chicago have remained fairly steady at or near ceiling levels for the better quality sweetpotatoes.

DRY BEANS AND PEAS

Prices received by growers for dry edible beans and peas continue to reflect the support levels.

To encourage the planting of an adequate acreage of dry edible beans in 1945, the War Food Administration, on March 29, 1945, announced increases in support prices for 1945 production of all classes except Blackeye beans and peas. These new support prices are from 25 to 60 cents per 100 pounds higher than those previously announced.

The complete schedule of new support prices ranges from \$5.75 to \$8.40 per 100 pounds, depending upon variety, for United States No. 1 grade, with U. S. No. 2 grade 15 cents lower (USDA 566-45).

Stocks of dry beans on March 1, 1945, were reported to be about 33 percent smaller on farms and 40 percent smaller in commercial and WFA storage places than on the same date in 1944.

In February 1945, the WFA considered it necessary to announce restriction of support prices for 1945 crop dry peas to the actual production from the goal acreage, in order to prevent the accumulation of excessively large stocks of peas. However, on the basis of intention to plant reports as of March 1, 1945, it appeared probable that plantings would total somewhat less than the goal acreage for dry peas. On March 31, 1945, the WFA announced a broadening of price support to cover all smooth dry edible peas, of designated varieties, grown in 1945.

Stocks of dry edible peas on farms, on March 1, 1945 were less than 60 percent of such stocks a year earlier. Stocks in commercial and WFA storage, however, were nearly as large as on March 1, 1944.

COTTON

The United States average farm price of cotton in mid-March was 20.24 cents per pound. This was equivalent to 94 percent of the parity price on that date of 21.45 cents per pound. Recently, cotton prices in the ten designated spot markets have advanced into new highs for this war period.

During March, 857,693 bales of cotton were consumed by domestic mills, an average of 38,936 bales per working day. This is equivalent to an annual rate of 9,984,000 bales, lower than in February but otherwise the highest annual rate since April last year. Should consumption continue for the remainder of the season at the same average daily rate as in March, consumption for the full season would total 9,837,000 bales, or only about 100,000 bales less than the total consumption in 1943-44.

Present indications point to a world carry-over of cotton at the end of the current marketing season of 27.2 million bales, an increase of 5 percent over August 1, 1944, an increase of 13 percent over August 1, 1943, and 25 percent over the level on August 1, 1939, just prior to the outbreak of World War II. In terms of the actual number of bales, this carry-over is 1.4 million bales more than the all-time record established in 1944.

This increase in carry-over has occurred despite some decline in the world commercial production of cotton. Production in the entire world in 1944-45 is estimated at 25.5 million bales, the smallest since 1934, and 31 percent less than the all-time high in 1937. The production in both India and Brazil in 1944 shows sizable decreases from 1943, and their combined effect was more than enough to offset the very sizeable increase in production in the United States. Consequently, total production this season is slightly less than in 1943-44.

The large increase in carry-over from 1943 to 1944, coupled with a small drop in production, resulted in a total supply of cotton (carry-over plus production) in the world this season estimated to have risen to an all-time record high of 51.3 million bales. The years 1937 and 1938 are the only other years on record in which the world supply of cotton has been more than 50 million bales.

Mill consumption of cotton in the world is estimated to have shown a slight increase in 1944 over 1943. This was the first year since 1938 in which an increase has occurred. The increase is attributable in large part to an increased consumption of cotton in Continental Europe which appears to have more than offset the decline anticipated in the United States and certain other countries. Despite this increase, however, consumption this season is estimated to have totaled only 24 million bales, only 47 percent of world supply of cotton. As a consequence, the carry-over of cotton expected this August 1 will be about 13 percent larger than consumption this season. Fortunately, prospects are for a significant increase in world consumption of cotton in 1945-46. This will result primarily from the very substantial increase in the consumption of cotton on the Continent of Europe, particularly in the liberated territories following the cessation of hostilities.

WOOL

The Commodity Credit Corporation is purchasing the 1945 domestic wool clip at ceiling prices which are unchanged, on a scoured basis, from 1944 prices. The average price per pound received by farmers for greasy wool this year, however, may be lower than the weighted average price of 42.4 cents received in 1944, because of a lower clean yield. Market reports indicate that new clip wools arriving from Western States carry more grease and dirt than early 1944 wools from those States. The quantity received to date however, is not sufficient to indicate the general condition of the 1945 production. By April 14, only 6 million pounds of 1945 shorn wool had been appraised for CCC purchase.

Mill consumption of domestic wool has increased in recent months. Consumption for the first half of 1945 will be considerably larger than in the corresponding months of last year, when reported consumption of domestic wool totaled 151 million pounds out of a total United States mill consumption of 517 million pounds (grease basis) of apparel wool. Larger production of military fabrics this year than last is chiefly responsible for the increased use of domestic wool. Production of wool fabrics for Army use in the first half of 1945 may equal such production for the entire year 1944. Most army orders for wool fabrics call for the use of at least 50 percent of domestic wool. The Army has recently placed orders for substantial quantities

of wool fabrics to be delivered during the third quarter of 1945 and it now seems likely that the rate of consumption of domestic wool will continue above that of 1944 into the second half of the year.

Because of the difficulty of increasing mill operations, total mill consumption of apparel wool is not expected to increase much, even though demand for wool goods for military and civilian use is sufficient to support a much higher rate of production. Total United States consumption of domestic and foreign apparel wool in 1945 seems likely to remain about at the 1944 annual level of 1 billion pounds, grease basis. Even if Army orders are reduced after V-E Day, a high rate of fabric production will be needed to replenish inventories of civilian fabrics.

Little domestic wool is now used in civilian fabrics, because prices of domestic wool are considerably higher than prices of comparable imported wool. Hence, mill use of domestic wool will decline, and stocks of domestic wool will accumulate, when current large military requirements have been filled.

TOBACCO

With the exception of Maryland (type 32), all of the 1944 crop of tobacco has been sold by growers. Throughout most of the marketing season demand for tobacco of most types was strong and prices were at or near those of a year earlier. Records of sales indicate that the 1944 crop may total more than 1,900 million pounds. This would be the largest crop of tobacco ever produced, and would exceed the previous record crop produced in 1939 by about 45 million pounds, and the prewar (1934-38) average production by 624 million pounds. Production of every major type in 1944 showed an increase over the previous year and production of cigarette types (flue-cured, burley, and Maryland) was 41 percent over 1943 and by far the largest in history. Returns to growers are estimated at about 817 million dollars, compared with 510 million for the 1943 crop, the previous record high.

Auction markets in Southern Maryland are expected to open soon for sale of the 1944 crop, and in view of the strong demand for flue-cured and burley, and the high level of cigarette manufacturing, the demand for Maryland probably will be strong again this season.

Stocks of most types of tobacco are low in relation to the present high rate of consumption, but with the large 1944 crop now in the hands of manufacturers and dealers, stocks at the end of the present season are expected to be about the same or somewhat larger than a year earlier.

Consumption of cigarettes in this country is continuing at an exceptionally high level, although supplies available for distribution through the regular retail channels are still inadequate to meet in full the war-time requirements. Tax-paid withdrawals of almost 17 billion cigarettes during February were only 4 percent below a year earlier. Domestic cigar consumption of 391 million during February was a slight increase over February 1944, although consumption is well below prewar years. Production of chewing tobacco and snuff has increased during the war, and tax-paid withdrawals during February were well above the same month of 1944.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit of base period	1944					1945	
		Year	Mar.	Dec.	Jan.	Feb.	Mar.	
Industrial Production <u>1/</u>	: 1935-39 :							
Total	: = 100 :	235	242	232	234	236	236	
All manufactures	: " :	252	260	249	251	253	252	
Durable goods	: " :	353	367	343	344	347	347	
Nondurable goods	: " :	171	175	173	175	176	176	
Minerals	: " :	140	139	137	140	141	142	
Construction activity <u>1/</u>	: 1935-39 :							
Contracts, total	: = 100 :	73	70	96	84	103	94	
Contracts, residential.....	: " :	39	42	34	34	32	29	
Wholesale prices <u>2/</u>	: 1935-39 :							
All commodities	: = 100 :	129	129	130	130	131	131	
All commodities except farm and food	: " :	121	121	121	122	122	122	
Farm products	: " :	162	163	165	166	167	167	
Food	: " :	133	132	133	132	132	132	
Prices received and paid by farmers <u>3/</u>	: 1910-14 : = 100 :							
Prices received, all prod.	: "W :	195	196	200	201	199	198	
Prices paid, int. and taxes ..	: " :	170	169	171	172	172	173	
Parity ratio	: " :	115	116	117	117	116	114	
Consumer expenditures <u>4/</u>	: 1935-39 :							
Total.....	: = 100 :	166	163	170	---	---	---	
Cost of living <u>5/</u>	: 1935-39 :							
Total	: = 100 :	126	124	127	127	127	---	
Food	: " :	136	134	137	137	136	---	
Nonfood	: " :	120	118	122	122	122	---	
Income	: 1935-39 :							
Nonagricultural payments <u>4/</u> ..	: = 100 :	231	229	237	239	240	---	
Cash farm <u>3/</u>	: " :	265	274	264	278	310	276	
Income of Industrial Workers <u>3/</u> ..	: 1935-39 :	325	332	322	322	321	---	
Factory payrolls <u>5/</u>	: = 100 :	356	363	353	352	350	---	
Weekly earnings of factory workers <u>5/</u>	: Dollar :							
All manufacturing	: " :	46.08	45.64	47.45	47.52	---	---	
Durable goods	: " :	52.07	51.54	53.68	53.55	---	---	
Nondurable goods	: " :	37.12	36.56	38.41	38.65	---	---	
Employment	: :							
Total civilian <u>6/</u>	: Million:	51.8	50.5	50.6	50.1	50.6	50.8	
Employees in nonagri. est. <u>5/</u> ..	: Thous.:	36,682	38,725	38,888	37,934	37,936	37,998	
Farm <u>3/</u>	: " :	10,037	8,562	9,337	8,005	8,051	8,414	
Government finance (Federal) <u>7/</u> ..	: Mil. dol.:							
Receipts, net	: " :	3,702	6,573	5,416	3,556	3,767	6,892	
Expenditures	: " :	8,097	8,525	8,416	8,202	7,460	9,433	

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B. L. S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B. L. S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1944 are on average monthly basis.